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2 May 1974

MEMORANDUM FOR: National Intelligence Officer for  
Southeast Asia

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SUBJECT

: North Vietnam's Food Shortages and  
Related Problems

1. In keeping with our telephone conversation, I am forwarding to you some reflections on North Vietnam's food problems and related issues. The attachment responds to the points raised in the original DDO memorandum of 30 April but is intended more to sustain the dialogue than to rebut any particular point.

2. Our basic conclusion is that North Vietnam has in hand or is receiving from its allies food adequate to see it through the immediate local shortages. Beyond this, we expect that present food delivery rates and an average harvest in the fall would likely preclude widespread food problems for the rest of the year. Admittedly, this conclusion assumes continued cooperation from its allies, a reasonable position considering the steady, large-scale inflow of key commodities that we have witnessed thus far in 1974.

3. Although a finished intelligence report could be written to provide greater detail on food reports and some estimates of production levels, the appropriate time for this would be some months hence after the spring rice crop is fully harvested. I see nothing in the present situation that suggests the suitability of such a report before then.

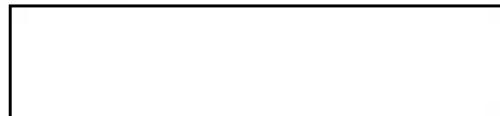
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## Food Shortages and Related Problems in North Vietnam

### Introduction

A number of observers have lately seen in food shortages the basis of major social or political problems within North Vietnam. Because there is a large risk in attributing too much to particular local developments, the following material is intended to provide some background on these shortages and related management problems. .

### The Basic Food Position

Food supply is a major, long-standing problem in North Vietnam even though food exports (primarily tropical agricultural products such as tea, coffee, peanuts, and bananas) have typically produced a substantial share of North Vietnam's small foreign exchange earnings. Throughout the war, Hanoi has relied on large-scale grain imports from its Communist allies and even during the first year of the ceasefire produced only about 3/4 of its food requirements. Because of a lack of investment and inadequate management and labor resources, farm output has stagnated for more than a decade and remains 10-20% below the 1959 peak. In the interim, population has grown from less than 16 million to more than 20 million.

### Food Supply in 1974

Recent evidence has drawn attention to local food shortages that are probably worse than usual. The 1973 autumn harvest was disappointing and probably fell below that of the previous year.



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Moreover, press

reports indicate that the upcoming spring crop, which accounts for about 40% of annual output, may fall short of original expectations because of weather problems during the growing season.

Hanoi probably will be able, however, to avoid a crisis this year. This judgment is based on the following considerations:

--The occurrence of shortages is not by itself the basis for crisis predictions; they are typical in the months just prior to a harvest when stocks are depleted and rice from the new crop is not yet available.

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--Considered in historical perspective, food imports from the Communist allies are substantial and probably adequate to cover the national deficit in 1974. Moreover, the Communist allies have recently stepped up food shipments and will likely continue to make up North Vietnam's food deficit. China, one of Hanoi's two principal suppliers, can meet North Vietnam's needs very promptly because of its proximity.

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--Where rice shortages are serious, substitution takes place.

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--Even if the spring harvest is poor, it will help to alleviate the current problems.

#### Related Management Problems

There has been some speculation that recent changes in the government hierarchy are directly tied to the food problem. We tend to doubt this simple a link. The changes undoubtedly reflect some dissatisfaction with past performance and Hanoi's recognition of its economic problems. Hanoi has long been aware of its management deficiencies and probably considers the current situation an appropriate time to reorganize its government structure. The first major post-ceasefire change occurred in June 1973, when the State Commission on Capital Construction and the former Ministry of Construction were merged

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into a new Ministry of Building. The most important changes were announced in early April when food shortages had just begun to surface, but they were related to overall economic planning and financial and industrial activities. Le Thanh Nghi, the regime's economic spokesman, assumed the chairmanship of the State Planning Commission and three ministers were promoted to the rank of vice-premier with enhanced authority over such fields as finance and banking, industry and communications, and machinery and metallurgy. In late April, the National Assembly Standing Committee announced changes as well in the Central Agricultural Commission, Labor Ministry, and Electricity and Coal Ministry. These shifts primarily reflect Hanoi's continuing attempts to improve its economic performance.

The food situation is not the sole basis of dissatisfaction with economic management. Reports in North Vietnam's press over the past several years have repeatedly criticized petty lawlessness, corruption, inefficiency, and shortages of consumer goods with little apparent effect. Conditions in 1973 and early 1974 may have worsened because of the failure to reopen Haiphong harbor to its pre-mining capacity, and the populace may have become less tolerant of abuses in the current ceasefire environment. The regime has tolerated these conditions in the past only out of necessity and undoubtedly would like to eliminate them. While awaiting an opportune time to take action against these abuses, however, the Hanoi

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regime appears in no danger of losing popular support.

Conclusion

While the evidence available thus far on economic conditions in 1974 reveals some serious problems, it does not indicate an impending crisis. Hanoi is aware of the situation and, with the aid of its allies, appears able to meet its problems. A sharp deterioration in food supply or increasing friction with its Communist allies, however, could quickly change the

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outlook.

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